The Standard Financial Information Structure (SFIS)
An Overview

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Joint Requirements
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Standard Financial Information Structure (SFIS)

- **Overview**
  - Description/Scope
  - Authoritative Guidance
  - SFIS Benefits
  - Where We've Been
  - SFIS Information Components
  - FMD Initiative Integration
  - SFIS Inventory Replenishment Example
  - Implementation Approach

SFIS Description/Scope

- **Description:** SFIS is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance management, and external reporting across the DoD enterprise. SFIS is a tool that should be put in the hands of operational users and implemented in the source systems they use.

- **Scope:** SFIS is the means for categorizing financial information along several dimensions to support financial management and reporting functions. Implementation of the SFIS structure will make it inherent in all business processes in which financial transactions occur.

SFIS Benefits

- Standardizes financial reporting across DoD Components
- Enables costing and valuation of DoD programs, assets, and liabilities
- Allows decision makers to more efficiently compare similar programs and activities executed across the DoD
- Allows decision makers to go to the level of detail they require for information retrieval and auditability
- Improves the efficiency of maintaining business systems, thereby eliminating costly maintenance and translation of non-standard data and systems, and allowing resources to be redirected to the war-fighting mission
- Links program execution to performance, budgetary resources, and actual financial information

Authoritative Guidance

- **OMB Circular A-127**
  - **Also requires agencies' financial management systems to reflect an agency-wide financial information classification structure that is consistent with the U.S. Government Standard General Ledger (USSGL)**
- **National Defense Authorization Act (NDAA)**
  - **Requires an information infrastructure which, at a minimum, integrates budget, accounting, program information, systems and performance**
- **Government Performance and Results Act (GPRA)**
  - **Requires annual performance reporting that links performance planned to performance achieved**

SFIS Background

- Where we've been:
  - SFIS workshops with Domains, Components, and Agencies – 2Q04
  - Cost accounting workshops with Domains, Components, and Agencies – 2Q04
  - Briefed SFIS to Treasury, OMB, DoDIG, Domains, BMSI, and USD(C) – 3Q04
  - SFIS integrated into BEA 2.2, and Terms Service implemented - 4Q04
  - SFIS synchronization with USSGL Transaction Library – 1Q05
  - USD(C) memo signed that requires cross-Domain support to standardize the data element values owned or shared with other Domains by April 30
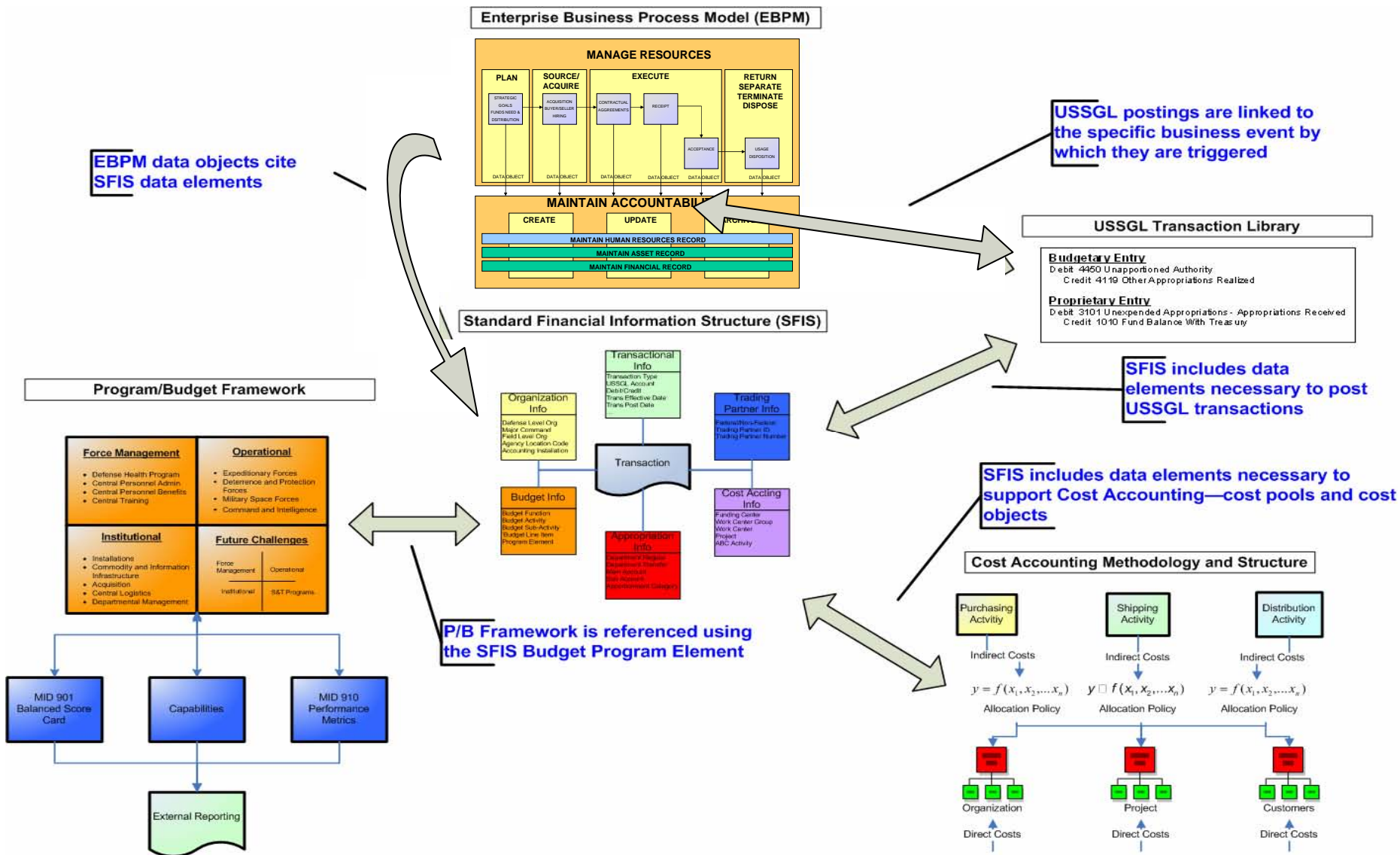
SFIS Information Components
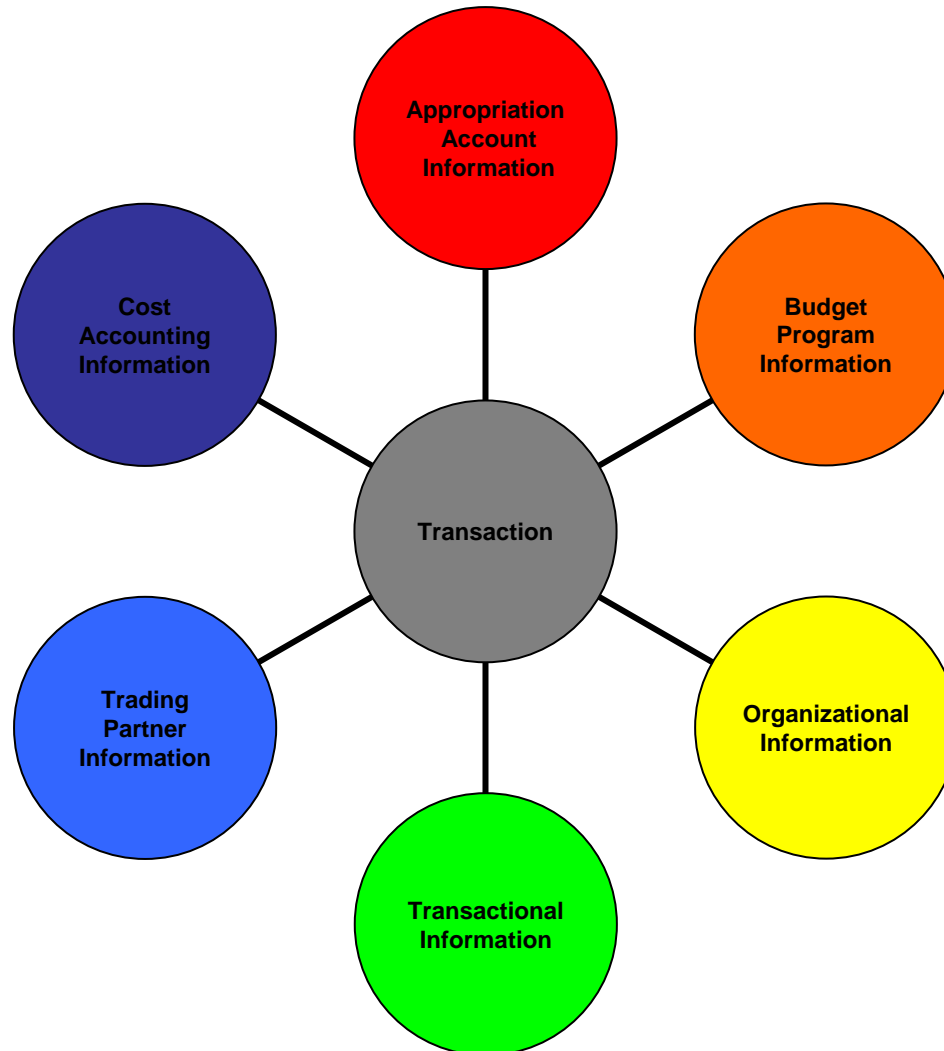
SFIS Information Components

- **Appropriation Account:** Designed to satisfy the Joint Financial Management Improvement Program (JFMIP) requirement to provide a fund structure that identifies the Treasury Appropriation Symbol/Treasury Appropriation Fund Symbol (TAS/TAFS) established by OMB and Treasury.

- **Budget Program:** Designed to satisfy the JFMIP requirement to provide a program structure with sufficient levels of detail to allow reporting for all categories in which budgetary decisions are made. Also satisfies OMB requirement to provide an object class structure consistent with the standard object class codes, as well as the flexibility to accommodate additional (lower) levels.

- **Organization:** Designed to satisfy the JFMIP requirement to establish an organizational structure based on responsibility segments (e.g., bureaus, divisions, branches). Also will enable DoD to tie responsible organizational units to programs, projects, and activities.
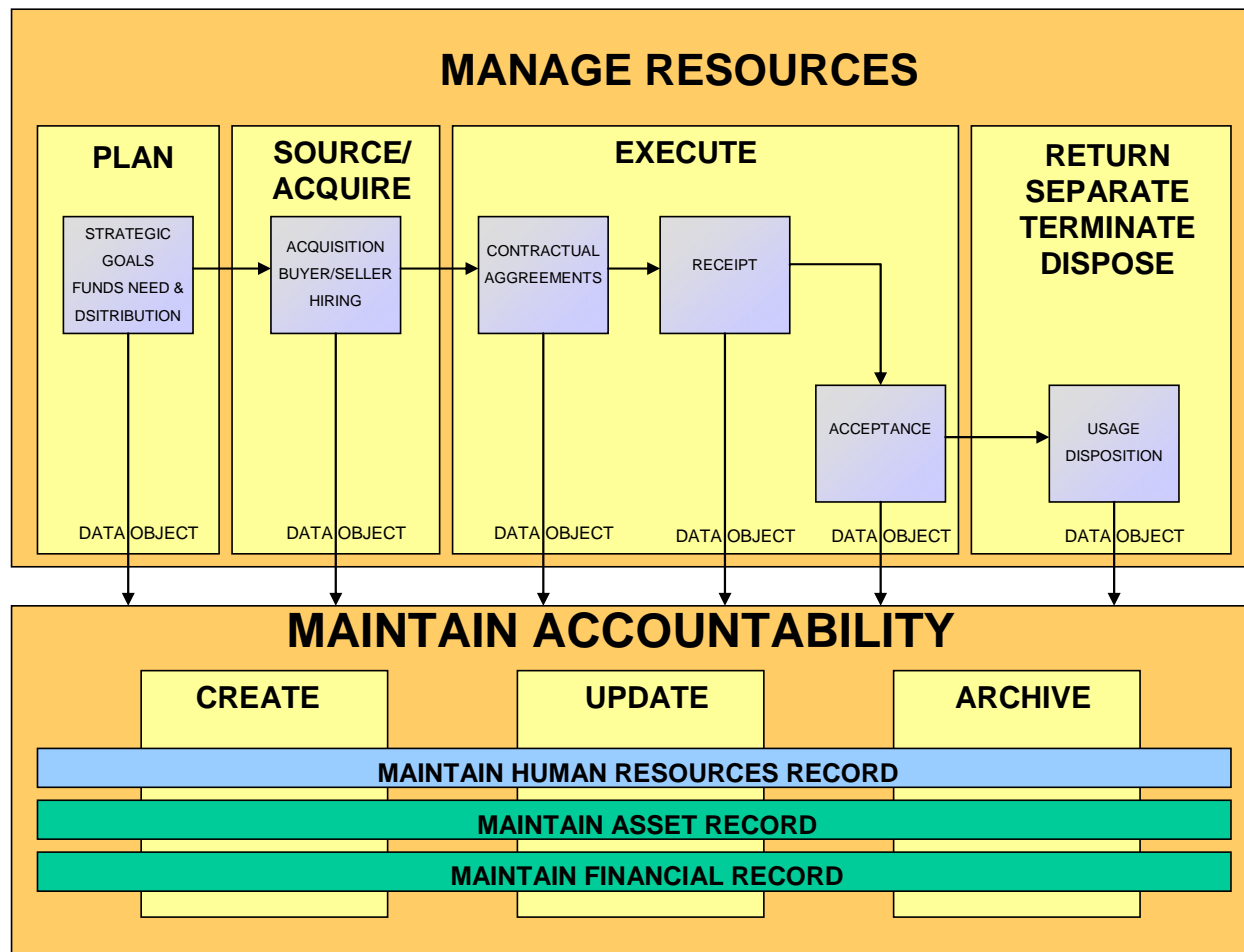
SFIS Information Components (cont'd.)

- **Transaction:** Designed to satisfy the USSGL posting/reporting requirements defined by Volume 1, Section IV, "USSGL Attributes," of the U.S. Treasury Financial Manual. Includes attributes used to describe the transactions and capture sufficient detail to allow proper reporting.

- **Trading Partner:** Designed to satisfy trading partner requirements defined by the Inter-/Intra-Governmental Transaction System (IGTS). This information will also facilitate the government-wide statements to address issues with intra-governmental transactions.

- **Cost Accounting:** Designed to satisfy managerial cost accounting requirements defined by Statements of Federal Financial Accounting Standards (SFFAS) Number 4, "Managerial Cost Accounting Concepts and Standards for the Federal Government" and Federal Financial Management System Requirements (FFMSR) Number 8, "System Requirements for Managerial Cost Accounting." Defines the financial, operational, and program data that systems need to maintain in order to support managerial cost accounting.

FM Framework Initiatives

Enterprise Business Process Model (EBPM)

MANAGE RESOURCES

| PLAN | SOURCE/ ACQUIRE | EXECUTE | | RETURN SEPARATE TERMINATE DISPOSE |

STRATEGIC GOALS FUNDS NEED & DSITRIBUTION

ACQUISITION BUYER/SELLER HIRING

CONTRACTUAL AGGREEMENTS

RECEIPT

ACCEPTANCE

USAGE DISPOSITION

| DATA OBJECT | DATA OBJECT | DATA OBJECT | DATA OBJECT | DATA OBJECT | DATA OBJECT |

MAINTAIN ACCOUNTABILITY

| CREATE | UPDATE | ARCHIVE |

MAINTAIN HUMAN RESOURCES RECORD

MAINTAIN ASSET RECORD

MAINTAIN FINANCIAL RECORD

Standard Financial Information Structure (SFIS)

Program/Budget Framework
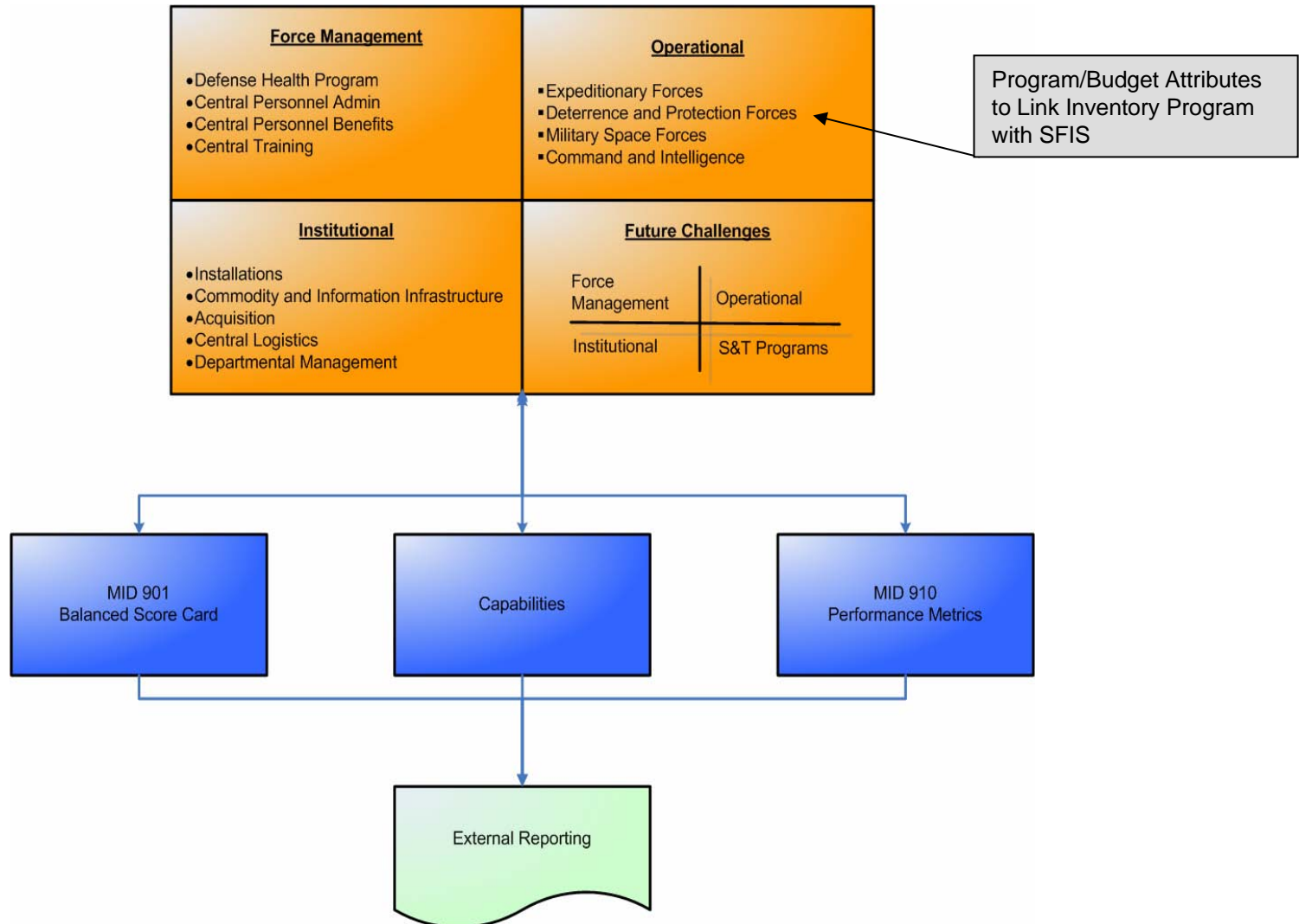
Cost Accounting Methodology and Structure

Purchasing Actvitiy	Receiving Activity	Distribution Activity

——— Common DoD Enterprise Activities

Indirect Costs (Purchasing)

Indirect Costs (Receiving)

Indirect Costs (Distribution)

Purchasing, Receiving, and Distribution (overhead) activity costs are allocated to inventory programs based upon standard allocation policy

$$y = f(x_1, x_2, \ldots x_n)$$
Allocation Policy

$$y = f(x_1, x_2, \ldots x_n)$$
Allocation Policy

$$y = f(x_1, x_2, \ldots x_n)$$
Allocation Policy

Consistent DoD Cost Accounting Methods

Common Use of DoD Cost Objects

Spare Parts Program

Amounts disbursed for inventory represent direct costs to the program

Direct Costs

DoD USSGL Transaction Library

USSGL Transaction Triggered by EBPM Process for Receipt of Inventory

To Record Payable and Expend Authority

DR. 4801 Undelivered Orders - Obligations, Unpaid

   CR. 4901 Deliver Orders - Obligations, Paid

DR. 1521 Inventory Purchased for Resale

   CR. 2110 Accounts Payable

DR. 3107 Unexpended Appropriations - Appropriations Used

   CR. 5700 Expended Appropriations

Inventory Sub Ledger

1521dr $1,283,050

(to record receipt

of inventory)

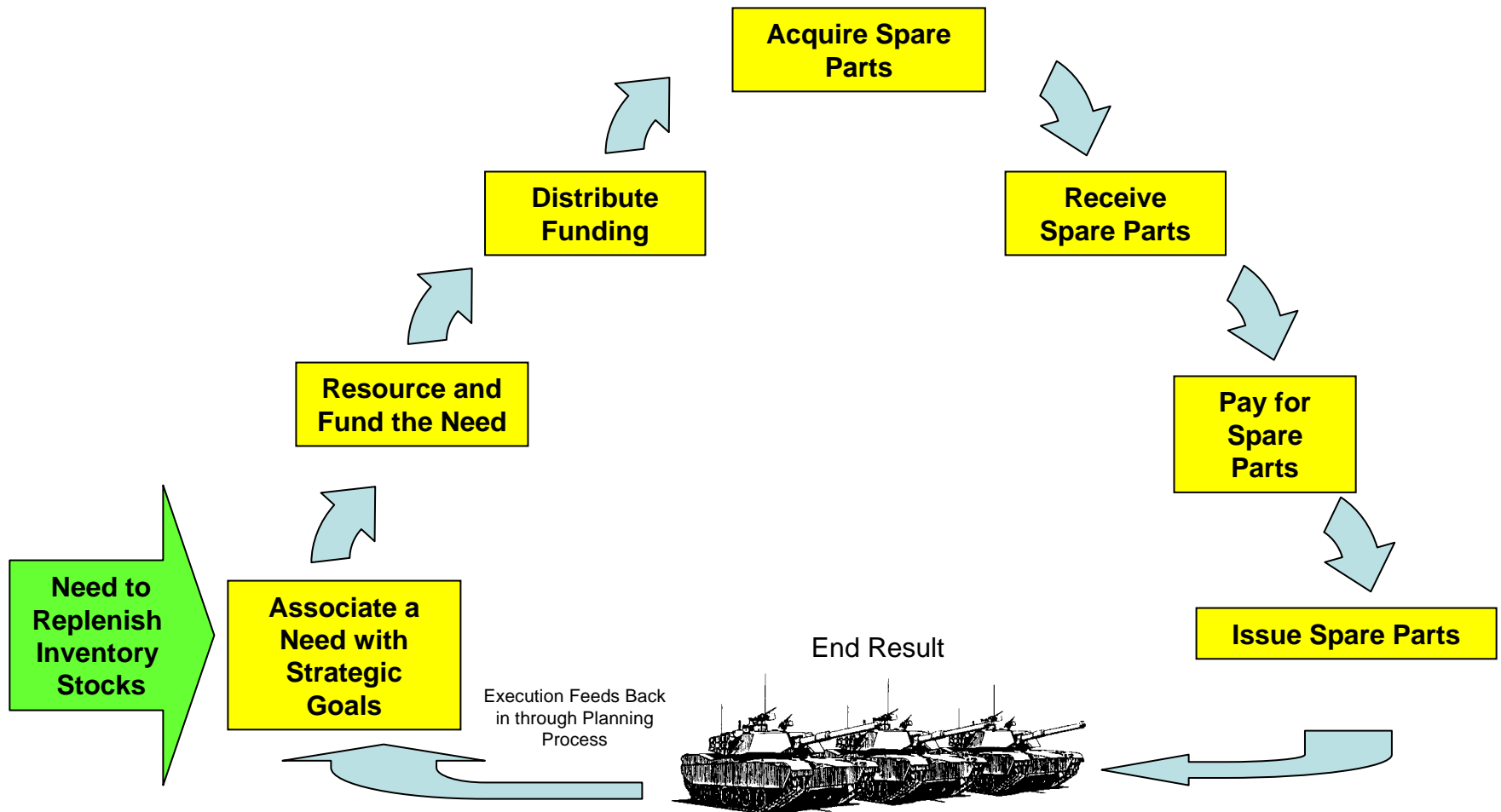# 75 SFIS Data Elements

- **External requirements mandate values for 59 of 75 (79%) SFIS data elements**
- **Plan to standardize remaining 16 (21%) data values:**
  - **Human Resource Domain to lead workshops for Organizational Information:**
    - **Defense Level Organization**
    - **Major Command**
    - **Field Level Organization**
  - **Acquisition Domain to lead workshops for specific attributes:**
    - **Trading Partner Number**
    - **Foreign Currency Code**
    - **Country Code**
  - **Logistics Domain to lead workshops for specific attributes:**
    - **Commodity Code**
  - **Financial Management Domain to facilitate cross-Domain workshops for remaining Cost Accounting Information:**
    - **Unit of Measure**
    - **Project**
    - **Job Order Number**
    - **Asset Type**
    - **Resource Identification Code**
    - **Funding Center**
    - **Work Center Group**
    - **ABC Activity**
    - **Cost Element**

Example: Acquisition and Issue of M1A2 Tank Spare Parts

Acquire Spare Parts

Distribute Funding

Receive Spare Parts

Resource and Fund the Need

Pay for Spare Parts

Need to Replenish Inventory Stocks

Associate a Need with Strategic Goals

Issue Spare Parts

End Result

Execution Feeds Back in through Planning Process

Associate a Need with Strategic Goals

Description: Develop a standard data element to link budget programs to Quadrennial Defense Review (QDR) strategic priorities and capabilities through the performance goals reported in the Annual Performance and Accountability Report (PAR).

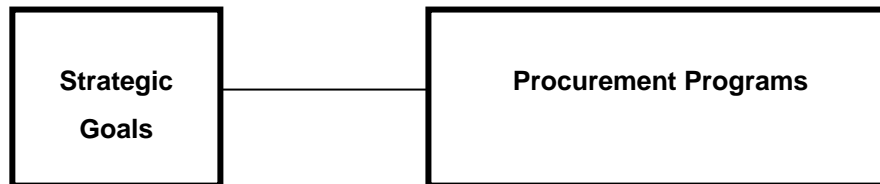## Today's Environment: Non-Standard Program Elements

Strategic Goals	—||—	Procurement Programs

SFIS Environment: Standardize Program Elements Across DoD

Strategic Goals	——	Procurement Programs
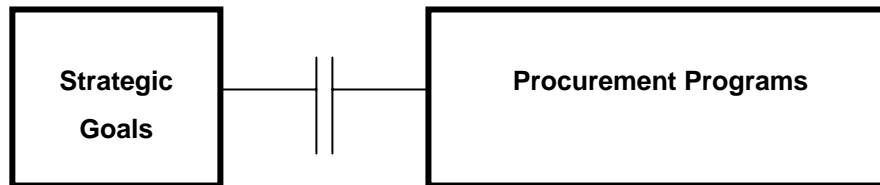
SFIS elements needed at this stage:

* Program Element: *4540GE0150 (Spare and Repair Parts)*

* Mandated by external sources

SFIS Related Benefits of the Stage

Standardize **Program Element** to link budget and execution activity to Joint Capability Integration and Development System/Integrated Priorities List Capabilities, DoD's Risk Framework, Future Years Defense Program, and consequently the Strategic Goals outlined within the President's Management Agenda/Quadrennial Defense Review.

- DoD programs can be clearly justified by the capabilities provided and risks mitigated.
- Procurement and Logistics Program Managers outcomes are clearly tied to strategic goals.
- Manpower levels (personnel spending) are based on clear long-term Department strategies.
- Investments to upgrade infrastructure are consistent with Department's long-term sustainment strategies.
- Program expenditures are reported based on the goals they support, capabilities they provide, and risks they mitigate.

Resource and Fund the Need

Description: Formulation and Justification Phases. Formulation converts approved programs into budget estimates. Justification books are submitted to support the budget estimates.
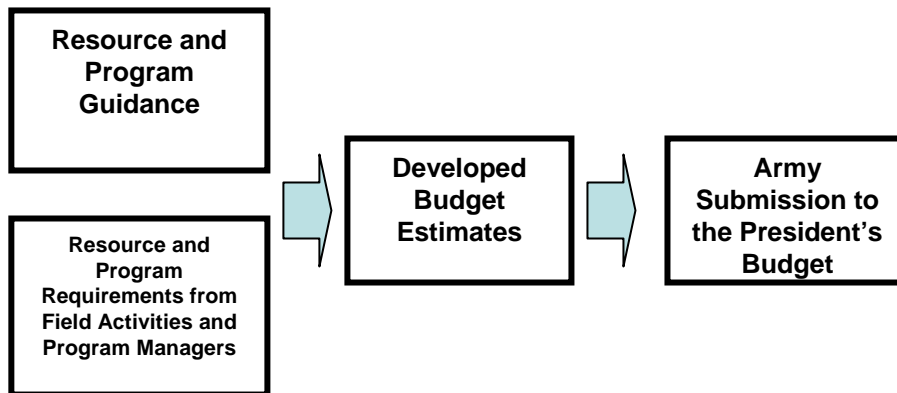
Resource and Program Guidance		Developed Budget Estimates		Army Submission to the President's Budget
Resource and Program Requirements from Field Activities and Program Managers				

SFIS elements needed at this stage:

* Program Element: *4540GE0150 (Spare and Repair Parts)*

* Department Regular: *021*

* Defense Level Agency: AWCF

* Major Command: TCM (TACOM)

* Field Level Organization: 6D8888000

* Main Account: *2033 (Procurement of W&TCV Army)*

* Period of Availability: *20052007*

* Budget Activity: *03 (Spare and Repair Parts)*

* Sub-Activity: *10 (Spares)*

* Budget Line Item: *004540GE0150*

* Reimbursable Flag: *D*

  Project: Spares and Parts Procurement

* Year of Budget Authority: *NEW*

* *Mandated by external sources*

SFIS Related Benefits of the Stage

- A single **Organization Structure** allows comparability across all DoD Components for all business activities.
- The **Main Account** and **Period of Availability** are required for reporting to Congress by Treasury appropriation and funds availability limits.
- **Budget Activity, Budget Sub-Activity, and Budget Line Item** link the budget to programs, projects, and activities.
- The **Reimbursable Flag** allows differentiation between fund types to facilitate application of proper business rules.
- The **Year of Budget Authority** identifies funding that is carried forward from one year to the next.
- The **Project** links multiple projects executed over the lifecycle of a program to a Program Element, to allow full program costing.

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Distribute Funding

Description: Record an approved and apportioned appropriation. Operating agencies allot funds to subordinate commands and installations, thereby allowing subordinate commands to place orders, award contracts and obligate funds.

Record Appropriation/ Apportionment/Program Funding Document

SFIS elements needed at this stage:

• Program Element: *4540GE0150 (Spare and Repair Parts)*

* Department Regular: *021*

* Defense Level Agency: AWCF

• Major Command: *TCM (TACOM)*

• Field Level Organization:6D8888000

* Main Account: *2033*

* Period of Availability: *20052007*

* Budget Activity: *03 (Spare and Repair Parts)*

* Sub-Activity: *10 (Spares)*

* Budget Line Item: 004540GE0150

SFIS elements needed at this stage:

* Reimbursable Flag: *D*

   Project: Spare and Parts Procurement

* Year of Budget Authority: *NEW*

   Accounting Installation: *01002 (Rock Island)*

* Funding Center: *100*

* Apportionment Category: B

* Mandated by external sources
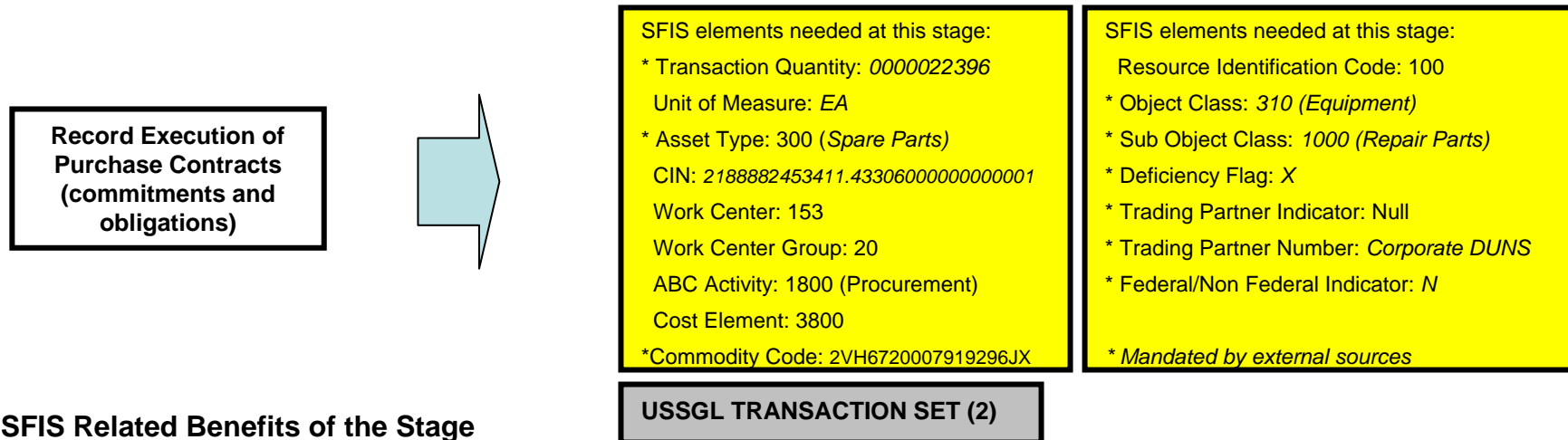
USSGL TRANSACTION SET (1)

SFIS Related Benefits of the Stage

- The Accounting Installation identifies the accounting office that is servicing an organization.
- The Funding Center allows central management of funds from multiple sources
- The Apportionment Category facilitates program spending by providing visibility of budget availability.

Acquire Spare Parts

Description: Initial provisioning for spare parts to fill detail requirements from logistics.

```
Record Execution of
Purchase Contracts
(commitments and
obligations)
```

SFIS elements needed at this stage:
* Transaction Quantity: *0000022396*
   Unit of Measure: *EA*
* Asset Type: 300 (*Spare Parts)*
   CIN: *2188882453411.43306000000000001*
   Work Center: 153
   Work Center Group: 20
   ABC Activity: 1800 (Procurement)
   Cost Element: 3800
*Commodity Code: 2VH6720007919296JX

SFIS elements needed at this stage:
   Resource Identification Code: 100
* Object Class: *310 (Equipment)*
* Sub Object Class: *1000 (Repair Parts)*
* Deficiency Flag: *X*
* Trading Partner Indicator: Null
* Trading Partner Number: *Corporate DUNS*
* Federal/Non Federal Indicator: *N*

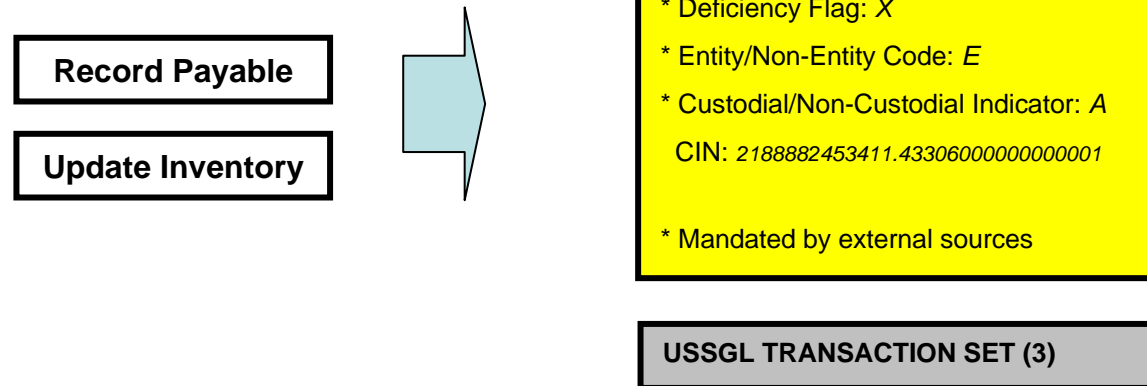* *Mandated by external sources*

USSGL TRANSACTION SET (2)

SFIS Related Benefits of the Stage

- The *Transaction Quantity and Unit of Measure* define the number and type of units needed.
- The *Commitment Identification Number (CIN)* enables funds validation and links the transaction throughout the life cycle.
- The *Deficiency Flag* indicates when available funds have been exceeded.
- The *Federal/Non Federal Indicator, Trading Partner Indicator, and Trading Partner Number* identify the organization doing business with the DoD Component.
- The *ABC Activity* allows aggregation of full costs of operational activities and benchmarking of similar activities across DoD Components.
- The *Work Center Group and Work Center* allow aggregation of costs for lower-level or "pseudo" organizational elements.
- The *Resource Identification Code* and *Commodity Code* allow aggregation of costs by the types of resources used or the types of material/services procured in the execution of a program.
- The *Object Class, Sub-Object Class, and Cost Element* allow alignment of detailed cost elements with OMB requirements and allow for comparison of spending for similar items across DoD Components.

Receive Spare Parts

Description: Receipt of initial spares acquired in the previous stage. The spares are delivered to a logistics depot and placed into inventory.

Record Payable

Update Inventory

SFIS elements needed at this stage:

* Deficiency Flag: *X*

* Entity/Non-Entity Code: *E*

* Custodial/Non-Custodial Indicator: *A*

 CIN: *2188882453411.43306000000000001*

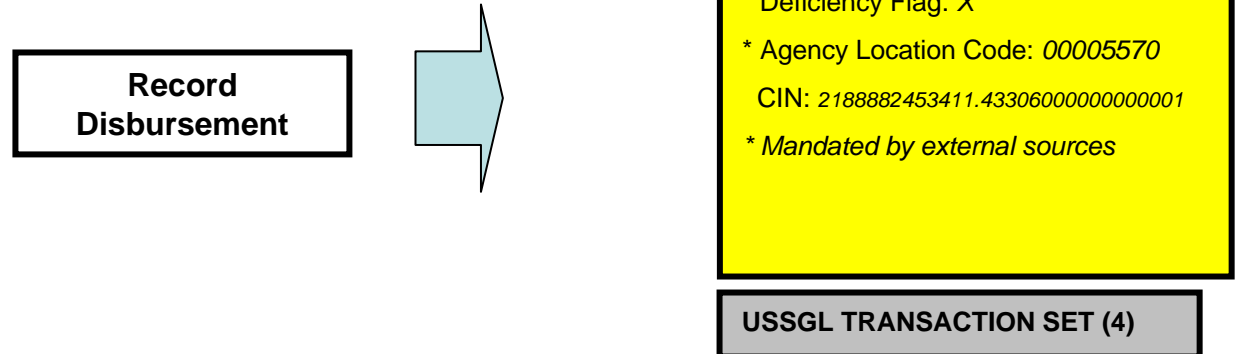* Mandated by external sources

USSGL TRANSACTION SET (3)

SFIS Related Benefits of the Stage

- The ***Entity/Non-Entity Code*** identifies those assets authorized for use during operations.
- The ***Custodial/Non-Custodial Indicator*** identifies funds collected on behalf of another Federal organization.

Pay for Spare Parts

Description: Compare contracts, invoices, and receiving reports to verify amount for payment.

```
┌─────────────────┐          ┌──────────────────────────────────────────────┐
│    Record       │   ⟹      │ SFIS elements needed at this stage:          │
│  Disbursement   │          │                                              │
└─────────────────┘          │ * Deficiency Flag: X                         │
                             │                                              │
                             │ * Agency Location Code: 00005570             │
                             │                                              │
                             │   CIN: 2188882453411.43306000000000001       │
                             │                                              │
                             │  * Mandated by external sources              │
                             └──────────────────────────────────────────────┘
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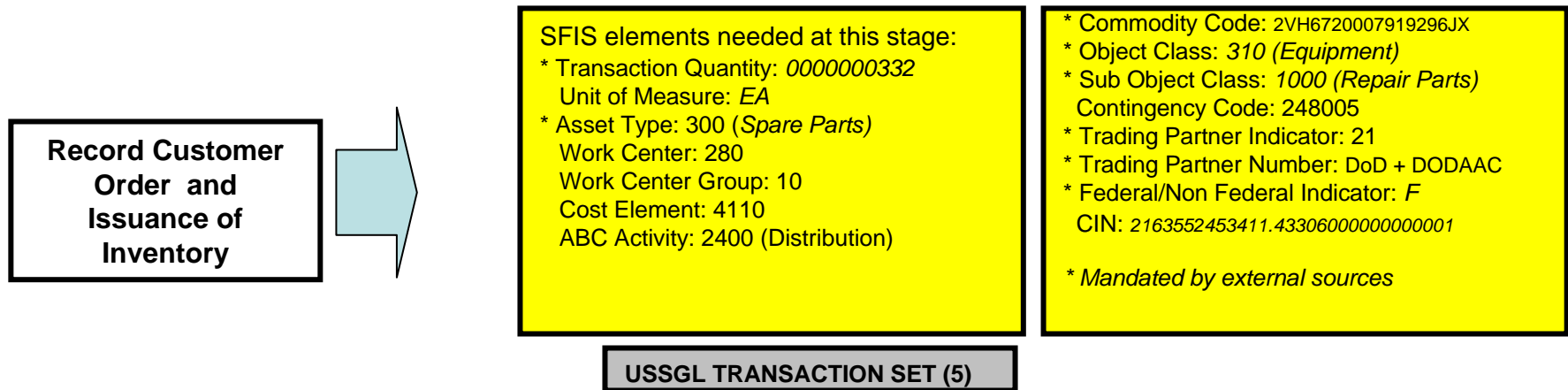
USSGL TRANSACTION SET (4)

SFIS Related Benefits of the Stage

- The **Agency Location Code** identifies the disbursing organization servicing an organization.

Issue Spare Parts

Description: Receive customer order and issue spares from inventory stock.

```
Record Customer
Order and
Issuance of
Inventory
```

SFIS elements needed at this stage:
* Transaction Quantity: *0000000332*
  Unit of Measure: *EA*
* Asset Type: 300 (*Spare Parts)*
  Work Center: 280
  Work Center Group: 10
  Cost Element: 4110
  ABC Activity: 2400 (Distribution)

* Commodity Code: 2VH6720007919296JX
* Object Class: *310 (Equipment)*
* Sub Object Class: *1000 (Repair Parts)*
  Contingency Code: 248005
* Trading Partner Indicator: 21
* Trading Partner Number: DoD + DODAAC
* Federal/Non Federal Indicator: *F*
  CIN: *2163552453411.43306000000000001*

* *Mandated by external sources*

USSGL TRANSACTION SET (5)

SFIS Related Benefits of the Stage

- The *Transaction Quantity and Unit of Measure* define the number and type of units issued.
- The *Commitment Identification Number (CIN)* enables funds validation and links the transaction throughout the life cycle.
- The *Federal/Non Federal Indicator, Trading Partner Indicator, and Trading Partner Number* identify the internal DoD organization ordering the goods or services.
- The *ABC Activity* allows aggregation of full costs of operational activities and benchmarking of similar activities across DoD Components.
- The *Work Center Group and Work Center* allow aggregation of costs for lower-level or "pseudo" organizational elements.
- The *Resource Identification Code* and *Commodity Code* allow aggregation of costs by the types of resources used or the types of material/services procured in the execution of a program.
- The *Object Class, Sub-Object Class, and Cost Element* allow alignment of detailed cost elements with OMB requirements and allow for comparison of spending for similar items across DoD Components.
- The *Contingency Code* enables tracking of provisional contingency spending.

SFIS/USSGL Implementation Approach

- **Finalize Standard Values**

  - **Data calls and workshops are ongoing.**

- **Transaction-Level Integration**

  - **Architecture traceability is being addressed.**

- **Implementation Approach Dependent Upon:**

  - **Functional scope**

  - **Degree of integration with other business systems**

  - **Software**

Supplemental Slides

Transaction Sets Used in Example

USSGL TRANSACTION SET (1)

To record appropriated authority

DR. 4119 Other Appropriations Realized

  CR. 4450 Unapportioned Authority

DR. 1010   Fund Balance With Treasury

  CR. 3101 Unexpended Appropriations - Appropriations Received

To record apportionment

DR. 4450 Unapportioned Authority

  CR. 4510 Apportionments

To record allotment of apportioned authority

DR. 4510 Apportionments

  CR. 4610 Allotments - Realized Resources

USSGL TRANSACTION SET (2)

To record commitment of allotted funds

DR. 4610   Allotments - Realized Resources

  CR. 4700   Commitments - Programs Subject to Apportionment

To record orders for inventory, without advances

DR. 4700 Commitments - Programs Subject to Apportionment

  CR. 4801 Undelivered Orders - Obligations, Unpaid

Transactions Used in Example, cont'd.

USSGL TRANSACTION SET (3)

To record payable and appropriation used

DR. 4801 Undelivered Orders - Obligations, Unpaid

   CR. 4901 Deliver Orders - Obligations, Paid

DR. 1521 Inventory Purchased for Resale

   CR. 2110 Accounts Payable

DR. 3107 Unexpended Appropriations - Appropriations Used

   CR. 5700 Expended Appropriations

USSGL TRANSACTION SET (4)

To record payment of liability for goods received

DR. 4901 Deliver Orders - Obligations, Unpaid

   CR. 4902   Delivered Orders - Obligations, Paid

DR. 2110   Accounts Payable

   CR. 1010   Fund Balance with Treasury

Transactions Used in Example, cont'd.

USSGL TRANSACTION SET (5)

To record receipt of customer order without advance for spare parts and allotment of realized authority

DR. 4221   Unfilled Customer Orders – Without Advance

   CR. 4210   Anticipated Reimbursements & Other Income

DR. 4590   Apportionments - Unavailable

   CR. 4610   Allotments – Realized Resources

To record commitment of allotted funds

DR. 4610   Allotments - Realized Resources

   CR. 4700   Commitments - Programs Subject to Apportionment

To record orders for inventory, without advances

DR. 4700 Commitments - Programs Subject to Apportionment

   CR. 4801 Undelivered Orders - Obligations, Unpaid

To record the sale of spares from inventory

DR. 1310 Accounts Receivable

   CR. 5100 Revenue from Goods Sold

DR. 6500 Cost of Goods Sold

   CR. 1521 Inventory Purchased for Resale

DR. 4251   Reimbursements & Other Income Earned - Receivable

   CR. 4221   Unfilled Customer Orders – Without Advance